

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



September 25, 1996

ALL COUNTY INFORMATION NOTICE I-52-96

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: KNIGHT v. McMAHONREASON FOR THIS TRANSMITTAL

- ☐ State Law Change
- ☐ Federal Law or Regulation Change
- ☒ Court Order
- ☐ Clarification Requested by One or More Counties
- ☐ Initiated by CDSS

Background

In July of 1994, the California Court of Appeal in the case of Knight v. McMahon ruled that Department of Social Services administrative law judges (ALJs) have the power to award interest in conjunction with an award of retroactive benefits in administrative hearing decisions. The California Supreme Court denied the Department's petition for a hearing on an appeal. As a result of that decision, Department ALJs have been awarding interest in appropriate decisions as part of the order.

Recently, the California Supreme Court considered the issue of whether ALJs of the California Unemployment Appeals Board (CUIAB) had the power to award interest in CUIAB administrative hearings. On August 29, 1996, in the case of American Federation of Labor and Congress of Industrial Organizations v. Unemployment Insurance Appeals Board (No. S049642), the Supreme Court found that there was no express or implied power to award interest at any time during the administrative review process. The Court concluded that only a superior court may award interest. The Court stated that ALJs, like the agencies which employ them, may not act as superior court judges and cannot award interest in administrative hearings.

In its decision, the Supreme Court specifically disapproved the Court of Appeal decision in Knight. Like the CUIAB, the Department of Social Services has no express or implied authority to award interest in administrative hearing. Based on the decision of the Supreme Court which became effective September 29, 1996, the Department's ALJs have been instructed that decisions adopted after that date are no longer to include an award of interest.

Contacts

If you have any questions about claiming interest contact your assigned County Fiscal Policy Bureau analyst or call (916) 657-3440.

If you have any questions concerning this decision, please contact your appropriate program analyst.

Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence B. Bolton". The signature is fluid and cursive, with the first name "Lawrence" being more prominent and the last name "Bolton" following in a similar style.

LAWRENCE B. BOLTON
Chief Counsel and Deputy Director